NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (06/02)

BUTTER: Grade AA closed at $1.1750. The weekly average for Grade AA is $1.1763 (+.0018).

CHEESE: Barrels closed at $1.2000 and blocks at $1.2000. The weekly average for barrels is $1.2050 (+.0150) and blocks, $1.2088 (-.0062).

BUTTER: The CME cash butter price continues to fluctuate within a narrow range of the weekly close. Many producers and handlers do not see a reason for a price increase with current market fundamental in place. These fundamental have not changed in many weeks. Cream offerings to the churn remain heavy, butter production is active, sales range slow to fair, and stocks are building in the warehouse. The CME weekly butter inventory grew by 2.6 million pounds to stand at 151.4 million pounds. This is the smallest weekly increase in nine weeks. Butter demand is slow this week as many buyers assess their inventory following the holiday weekend. Feature activity at the retail level continues to be reported. In the Central part of the country, one feature promoted 2 1# prints for $3.00. Butter producers and handlers state that features such as this and relatively favorable prices overall should stimulate butter sales.

CHEESE: The cheese market is weak. Barrels closed the week higher than a week ago and blocks were lower. New orders were slow to develop after the long holiday weekend. Process and barrel interest remains fairly good seasonally. Processors have been utilizing sizeable volumes of undergrades to supplement barrel supplies. Cheddar blocks are more readily available than barrels. Mozzarella interest has remained strong, bolstered by pizza promotions. Cheese production remains seasonally active with any reductions in plant milk receipts offset by volumes available from lighter Class I use caused by more schools closing.

FLUID MILK: Milk production trends across the country continue to fluctuate at or near seasonal peak levels. In the Northeast, cooler/wet conditions may have slowed milk output to the point that the seasonal peak has not yet occurred. In the Southeast, milk production is declining more rapidly as temperatures and humidity levels increase. In the Central region, milk output is nearing seasonal peak levels. Hot temperatures and high humidity levels were reported in many Midwestern states during the holiday weekend which did impact receipts at some plants. Milk handlers stated that these conditions were unusual for this early in the season, but feel that the milking herd will rebound from the slight dip in output. In the Western part of the country, milk volumes appear to be adjusting slightly higher and lower around peak levels. Milk volumes over the past Memorial Day holiday weekend were heavy from coast to coast. Most manufacturing plants operated at capacity levels with some still working off surplus weekend volumes into the current week. Schools are starting to recess for the summer, thus surplus milk volumes will remain heavy for the next few weeks. Cream markets are generally steady. Cream pricing multiples are unchanged to slightly higher, depending on class usage and basing points. Churning activity over the past holiday weekend was heavier due to an increase in surplus cream. With the holiday past, ice cream production is gaining momentum, as time of year and warmer temperatures are spurring ice cream demand.

DRY PRODUCTS: Nonfat dry milk markets are generally steady, although prices are unchanged to slightly higher. For many, less milk than anticipated flowed into dryers during the Memorial Day holiday weekend, although plants were generally running full, producing predominantly low heat NDM. Surplus volumes continue to clear to CCC from Western producers, but no powder was offered from Midwestern or Eastern producers during the week. Buttermilk powder markets are steady to weak. Churning activity was heavy during the holiday weekend, but dryer time was limited due to the volumes of skim to be dried. Often, buttermilk stocks are higher than the trade needs. There have been some blocks of buttermilk moved to export channels in recent weeks that will help move excess product. Whey powder markets are mostly steady, although prices are mixed. This past holiday weekend saw most cheese makers operating around the clock in an effort to clear all the milk that was available. Spot market activity is light and supplies are more than ample to meet the slow to fair demand.

CCC: During the week of May 29 – June 2, the CCC purchased 1,185,231 net pounds of NDM from Western producers.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the May 2006 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II $11.13. -$0.24), Class III $10.83 (-$0.10), and Class IV $10.33 (-$0.03). Product price averages used in computing Class prices are: butter $1.1635, NDM $0.8288, cheese $1.1694, and dry whey $0.2805. The Class II butterfat price is $1.2652 and the Class III/IV butterfat price is $1.2582. Further information may be found at: www.ams.usda.gov/dyfmos/mib/classprcacnmt.pdf

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first three months of 2006 totals 43.6 billion pounds, 3.7% above the same period in 2005 on a daily average basis. Comparing disappearance levels with year earlier levels: butter is +11.4%; American cheese, +4.7%; other cheese, -0.5%; NDM, -0.5%; and fluid milk products, +1.6%.

CONSUMER PRICE INDEX (BLS): The April CPI for all food is 193.7, up 1.8% from April 2005. The dairy products index is 181.3, down 0.5% from a year ago. The following are the April to April changes for selected products: fresh whole milk is -0.7%; cheese, -2.1%; and butter, -9.2%.

MAY AGRICUTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2006 was unchanged at 146. Compared with May 2005, the index was up 6 points (4.3%). The index of prices received by farmers for dairy products declined 1 point during the month of May 2006 to 92. Compared with May 2005, the index was down 21 points (18.2%). Prices received by farmers in May with changes from April were: for All Milk, $12.00 per hundredweight, down $.10; Fluid Grade Milk, $12.00, down $.20; and for Manufacturing Grade Milk, $11.20, down $.10.

****SPECIALS THIS ISSUE****

CHICAGO MERCANTILE EXCHANGE CASH TRADING

PRODUCT	MONDAY MAY 29	TUESDAY MAY 30	WEDNESDAY MAY 31	THURSDAY JUNE 1	FRIDAY JUNE 2	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	HOLIDAY	$1.2000 (+.0100)	$1.2100 (+.0100)	$1.2100 (N.C.)	$1.2000 (-.0100)	(+.0100)	$1.2050 (+.0150)
40# BLOCKS		$1.2250 (N.C.)	$1.2100 (-.0150)	$1.2000 (-.0100)	$1.2000 (N.C.)	(-.0250)	$1.2088 (-.0062)
BUTTER GRADE AA	NO TRADING	$1.1775 (N.C.)	$1.1775 (N.C.)	$1.1750 (-.0025)	$1.1750 (N.C.)	(-.0025)	$1.1763 (+.0018)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **NOTE: CME NDM on Page 2.**

CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 29, 2006

HOLIDAY - NO TRADING

TUESDAY, MAY 30, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ $1.2000; OFFERS UNCOVERED: NONE
BUTTER — SALES: 1 CAR GRADE AA @ $1.1775; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MAY 31, 2006

CHEESE — SALES: 1 CAR BARRELS @ $1.2100; BIDS UNFILLED: 2 CARS BARRELS: 1 @ $1.2100, 1 @ $1.1800; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ $1.2100, 2 @ $1.2250
BUTTER — SALES: 2 CARS GRADE AA: 1 @ $1.1750, 1 @ $1.1775; BIDS UNFILLED: 1 CAR GRADE AA @ $1.1700; OFFERS UNCOVERED: 1 CAR GRADE AA @ $1.1800

THURSDAY, JUNE 1, 2006

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ $1.1875, 1 @ $1.1850; BIDS UNFILLED: 1 CAR BARRELS @ $1.2100; 1 CAR 40# BLOCKS @ $1.2000; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ $1.2050, 1 @ $1.2100
BUTTER — SALES: 3 CARS GRADE AA: 1 @ $1.1750, 1 @ $1.1725, 1 @ $1.1750; BIDS UNFILLED: 2 CARS GRADE AA @ $1.1700; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 2, 2006

CHEESE — SALES: 2 CARS BARRELS @ $1.2000; 2 CARS 40# BLOCKS: 1 @ $1.1800, 1 @ $1.1950; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.2000; OFFERS UNCOVERED: NONE
BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ $1.1750, 1 @ $1.1700; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at $0.8900 and Grade A at $0.8875. (The last price change for Extra Grade was January 24 and Grade A, February 1.) The weekly average for Extra Grade is $0.8900 (N.C.) and Grade A is $0.8875 (N.C.).

BUTTER MARKETS

NORTHEAST

The butter market is little changed from recent weeks. The CME cash price adjusts slightly, cream supplies are readily available, churning activity is seasonally strong, demand is fair at best, and inventories are building. Cream offerings were heavier to local churns as many Class II cream users reduced or ceased operations during the recent Memorial holiday weekend. Early this week, some weekend cream remained available, although Class II demand is resuming. Butter demand is fair. Orders from retail and food service buyers are still slow in developing early in the week. Many suppliers anticipated that this would be the case until buyers are able to assess their inventories before returning to the marketplace. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

Butter markets are generally steady with prices basically holding unchanged. The midweek cash price at the CME is $1.1775. The cash price has been unchanged for about a week. Churning activity over the past Memorial Day holiday weekend was not as heavy as anticipated and comparable to last week. Surplus milk and cream volumes were not as heavy as expected. For the most part, butter producers were able to maintain steady production schedules without having to deal with burdensome cream volumes. Butter inventories continue to increase as overall butter demand is fair at best. Orders this week are not overly aggressive. Most traders and handlers anticipated lighter orders this week as buyers assess their inventories following the holiday weekend. Favorably priced butter features continue to be reported in the Central part of the country. One feature was for 2 1# prints for $3.00. Food service orders are slow as buyers assess their inventories prior to re-entering the market place. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Prices continue to hold in a very narrow range at the CME cash butter market. They have been in the $1.17 range for a month. Contacts do not see a reason for a price increase with these market fundamentals in place. These fundamentals have not changed in many weeks also. Cream offerings to the churn are heavy, butter production is heavy, sales are fair to slow, and stocks are building in the freezer. Very limited feature activity is taking place at the retail level. Food service interest in vacation areas is improving. CCC has announced the awarding of purchase contracts for 164,160 pounds of print butter on a bid basis at a price range of $1.3450-1.3525. Delivery will take place from July to September. Commercial Disappearance of butter, according to ERS, for the first quarter of the year is 319 million pounds, up 11.1% from the same period in 2005. ** The CME weekly butter inventory grew by 2.6 million pounds to stand at 151.4 million pounds. This is the smallest weekly increase in nine weeks. The weekly stock number is now 49 million pounds ahead of this week last year. ** Prices for bulk butter range from 3 cents under to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

	CHEESE				
WEEK ENDING	40# BLOCKS	BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
MAY 27	1.1729	1.1761	0.8244	1.1576	0.2768
	9,032,064	10,784,007	26,941,229	2,575,151	11,034,392

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Cheese prices are mostly higher, reflecting recent increases at the Chicago Mercantile Exchange. Current cheese production remains very heavy due to the large volumes of milk available in the region. Current cheese offerings are readily available to buyers. Retail interest is fair except when featured.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2975-1.8175
Cheddar Single Daisies	:	1.2550-1.7400
Cheddar 40# Block	:	1.3550-1.6275
Process 5# Loaf	:	1.4000-1.6450
Process 5# Sliced	:	1.4200-1.7300
Muenster	:	1.3700-1.5700
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market continues to show surprising strength with current production this heavy. Recent increases have kept more buyers placing orders as they try to beat the next price increase. New orders are mostly slow to develop right after the long holiday weekend. Buyers are reassessing recent movement in finalizing plans for July 4th and other promotions. Process and shred interest remains fair to good but natural chunk interest is often lighter. Barrel supplies remain snug though not as tight as a few weeks ago. Recent widespread promotional activity on retail and food service products has kept cheese supplies from accumulating to worrisome levels. Mozzarella interest continues to keep inventories from accumulating at some operations. Current cheese production occasionally seems to be easing lower from recent peak intakes while others see steady receipts. Plants continue to operate on extended schedules. Cheese yields are lower seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4600-1.6375
Brick And/Or Muenster 5#	:	1.6200-1.7700
Cheddar 40# Block	:	1.4900-2.2650
Monterey Jack 10#	:	1.6200-2.2650
Blue 5#	:	2.0750-2.3000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4000-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.1550-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
05/29/06	47,609	:	138,001
05/01/06	41,651	:	134,768
CHANGE	5,958	:	3,233
% CHANGE	14	:	2

WEST

The block cheese market at the CME increased 2 1/2 cents last week to stand at $1.2250. At mid-week this week, prices declined by 1 1/2 cents to $1.21. Prices are again now equal. Barrel cheese prices held steady last week, but increased two cents to stand at $1.21 this week. Contacts believe that it is the very good sales activity on the barrel/process side of the market that is the basis for the current firming trend. They believe the barrel price firmed up first and then the block market followed to correct the price relationship between the two. Barrel supplies are tight and under grade cheese is clearing very easily. Some additional loads of blocks are becoming available with sellers now making some calls to end users and brokers informing them of this change in the market. Demand for Swiss cheese seems to be good for this time of the year. *Commercial Disappearance* of total cheese for the first quarter of 2006 according to ERS is 2.36 billion pounds, up 1.3% from the same period in 2005. Disappearance of American cheese was much stronger than for "other cheese". Disappearance for the fourth quarter of 2005 was a negative number (less than a year earlier). The first quarter of 2006 trails disappearance for the period of quarter 4 of 2004 through quarter 3 of 2005.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3425-1.6000
Cheddar 40# Block	:	1.3350-1.6875
Cheddar 10# Cuts	:	1.5150-1.7350
Monterey Jack 10#	:	1.5250-1.6850
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

FOREIGN

Domestic prices are mostly higher. Market conditions continue to reflect the summer season. Fully adequate supplies are available to meet the current slow to fair interest. Current domestic cheese production is around peak levels, based on available milk supplies. Reports indicate that a good deal of domestic hard Italian types has been placed into storage in 2006, in part due to lower market prices than in recent years.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK		
VARIETY	:	IMPORTED	:	DOMESTIC
Roquefort	:	TFEWR	:	-0-
Blue	:	2.6400-4.3500	:	1.6100-3.1000*
Gorgonzola	:	3.6900-5.9400	:	2.1200-2.4900*
Parmesan (Italy)	:	TFEWR	:	3.0250-3.1300*
Romano (Italy)	:	2.1000-3.1900	:	-0-
Provolone (Italy)	:	3.4400-6.0900	:	1.6100-1.8475*
Romano (Cows Milk)	:	-0-	:	2.8075-4.9500*
Sardo Romano (Argentine)	:	2.8500-3.2900	:	-0-
Reggianito (Argentine)	:	2.6900-3.2900	:	-0-
Jarlsberg-(Brand)	:	3.1200-4.1500	:	-0-
Swiss Cuts Switzerland	:	-0-	:	2.4500-2.6500
Swiss Cuts Finnish	:	2.5900-2.8500	:	-0-
Swiss Cuts Austrian	:	TFEWR	:	-0-
Edam	:		:	
2 Pound	:	TFEWR	:	-0-
4 Pound	:	TFEWR	:	-0-
Gouda, Large	:	TFEWR	:	-0-
Gouda, Baby ($/Dozen)	:		:	
10 Ounce	:	27.8000-31.7000	:	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	153	0	152	0	232
SOUTHEAST STATES	0	0	0	0	0	53

Another Memorial Day has come and gone and contacts did struggle with milk processing. It was a heavy weekend and milk volumes were and are excessive. Manufacturing plants operated at capacity and some are still at capacity. Contacts point out that milk volumes were excessive in all areas, but plants in the Southeast seemed to be tested the most. Reports of one operation losing its computer system after a lightening strike halted operations for a couple days and that it is not yet back to capacity. Other plants had "issues" and lost operating time during the weekend. In the Northeast, plants are still running full. Milk production is declining more rapidly in the Southeast as temperatures are reaching into the 90's. However, with schools out and retail milk sales reported as very slow, surplus milk volumes remain excessive. In the Middle Atlantic area, schools are getting out for the summer and Class I sales are slowing. Schools are still in session in New York and Most of New England, but as they start to close (mid-June) surplus milk volumes will remain heavy. Hot, muggy weather is expected to hamper milk production in the Northeast, but the recent heavy rains have delayed efforts to get first cutting hay. Also, cows are slow to get on pasture or green grass feed. The condensed skim market is weak and some producers are offering discounted prices to ease the pressure on their dryers. No reports of discounted sales were noted, which is an indicator of spot demand. The fluid cream market is mixed, but showing more signs of improvement. Contacts state that multiples are generally unchanged, but more sales are occurring in the upper half of the range. The hot weather gave rise to ice cream makers placing additional orders during the weekend. This is particularly true for soft serve producers. Also, more ice cream makers placed heavier orders for early-week delivery as many were down for an extra day over the holiday weekend. Spot prices are mostly steady as the CME weekly average was little changed from the previous week. Production of bottled and whipped cream is increasing as strawberries come in season. Cream cheese output is a little higher as producers take advantage of the abundant cream supply and "reasonable" prices. Churning activity is heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS:	NORTHEAST	-	1.3859-1.5034
DELIVERED EQUIVALENT:	ATLANTA	-	1.3977-1.5151 M 1.4094-1.4799
F.O.B. PRODUCING PLANTS:	UPPER MIDWEST	-	1.4329-1.4799

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,
F.O.B. PRODUCING PLANTS:

NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8900-.9800
NORTHEAST - CLASS III - SPOT PRICES	- .8800-.9400

MIDWEST

Class I usage continues to decline seasonally as more schools close for the year. Retail feature activity is spotty but, in instances, able to temporarily offset part of the decline from school closings. Class II production remains fairly active for dips, whipped, and sour cream as consumers prepare for graduation parties and other June events. Handlers for the holiday weekend prepared for the worst possible scenario for burdensome milk supplies but didn't end up with it. Manufacturing plants operated on extended schedules over the holiday weekend with capacity slowdowns minimal though silos remained full longer into the workweek. Plant capacity was tested at most, if not all, plants. Spot milk interest improved after the holiday weekend due to improved cheese interest. Reported spot milk prices, on a light test for over the holiday weekend ranged from around -$1.75 to around flat class, net seller. Cream offerings were heavy to churns over the long holiday weekend though were caught up around midweek. Ice cream production remains seasonally active though many operations were closed for Memorial Day. Smaller volumes of separated cream from bottlers and lower fat tests on incoming milk supplies are reducing the volume of cream available. Temperatures in the upper 80's and 90's over the holiday weekend stimulated ice cream sales for most, if not all, producers. Some operators in the upper tier noticed lower milk receipts following the holiday weekend heat and humidity though others noticed no change. Some operations believe that they hit their annual peak receipts as much as a couple weeks ago. Regardless, little plant downtime will be available until intakes drop further as more supplies back up from Class I into manufacturing. The lack of profitability for manufacturing plants in 2006 remains a problem as too many are borrowing money to cover expenses. Dryer conditions allowed progress on delayed planting as well as alfalfa harvest, through scattered showers did reduce quality for some.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	$ 48.00- 53.00	$ 57.00- 63.00
REPLACEMENT HEIFER CALVES	$400.00-650.00	$500.00-750.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	$ 48.00- 54.00	$ 56.50- 64.50

WEST

U.S. alfalfa hay prices for May, according to NASS, are $118/ton, up $2 from last year. Western prices, in general, are showing much more strength than this. May 2006 prices for selected Western states and a comparison to last year are as follows: Arizona $135 +$5, California $133 -$16, Colorado $102 +$24, Idaho $110 +$9, Nevada $123 +$21, New Mexico $145 +$23, Oregon $121 +$11, Utah $98 +$8, and Washington $115 +$15. April 2006 POOL RECEIPTS of milk in CALIFORNIA total 3.14 billion pounds, 3.8% higher than last year. January to April 2006 cumulative receipts are 5.5% above the same period in 2005. The April blend price, at a fat test of 3.69%, is $10.89, 40 cents lower than March and $3.17 lower than April 2005. The percentage of receipts used in Class 1 products is 13.94%. The April quota price is $11.90 and the over quota price is $10.20. These prices are 29 cents lower than March and $3.16 less than a year earlier. CALIFORNIA milk processors are reporting that milk was handled well over the extended holiday weekend. There were only minor problems reported and contacts were pleased with the results. Milk supplies are overall steady with reports of both higher and lower intake levels noted from recent weeks. Cooler and dryer conditions returned over much of the state and the impact created some up ticks in local milk output. The recent rains have decreased the alfalfa quality available for dairies. The lack of dairy quality hay is a current and future concern for producers in the state. Relatively cooler conditions across much of the milk producing areas of ARIZONA allowed milk output to move slightly higher. The rebound will likely be short lived as the forecast highs for later in the week will approach 110 degrees. Milk was handled well over the holiday weekend. Both local and out of state milk was processed. Plants were back to normal by midweek. Bottlers resumed orders after a slow period before and during the weekend. NEW MEXICO milk is easing back from the seasonal high. Total milk volumes remain heavy when compared to a year ago. Percent changes will likely be lower as better conditions started to develop in 2005 after a poor spring. Plants in the state were full over the holiday weekend. The additional capacity of a new plant helped tremendously this year. Milk shipments to local and out of area processors were returning to pre holiday levels. The current harvest of alfalfa is testing premium quality and prices are running $10 to $20 higher than last year. The CREAM market remains weak. Offerings were heavy over the holiday weekend and surplus cream moved to churns. Demand for higher class items has been light to moderate. Ice cream producers are taking contracted amounts and generally not in the market for spot cream. The CME butter price is unchanged from last week at $1.1775. Cream multiples are slightly higher and range from 99 to 120, FOB, and vary depending on class usage and basing points. Conditions are much more seasonal in the PACIFIC NORTHWEST. Temperatures are cooler and moisture is more common again. These factors are causing problems in making dairy quality, first cutting hay. Those that cut early were able to get it up in good shape. Those that waited either got wet hay or it is past peak maturity. Dairies are somewhat discouraged because of lower milk prices, higher hay prices, and lower quality on what hay is available. Milk output is near the peak in the region. Milk was handled with few problems over the holiday weekend. Most plant operators feel that if they can get through the end of May it should get much easier as time moves on. Cold temperatures, some frost, some snow, and rain were common over much of UTAH and IDAHO over the past holiday weekend. The overall impact on the dairy herd was minimal in the short run, but it did catch some hay in the swath that did go down in quality which may have an impact down the road on production per cow. Those that got their hay up early report excellent quality. Some problems were reported in the region in how well the holiday milk was handled. By midweek, processing was back to more normal seasonal levels. Heifer prices in the region are moving closer together at the two sales that are monitored. The range between the two markets for heifers on the average is $1820-1860.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a steady market. Less milk than anticipated flowed into dryers during the Memorial Day Holiday weekend. Plants were however generally running full, producing predominantly low heat NDM. Supplies of high heat NDM are limited and reserved for the mostly contractual interest. Sales to the CCC are not noted from the Central region. Some prices are reportedly higher in association with the NASS pricing series. Aged NDM from government sellbacks is reportedly available as a substitute to current manufactured supplies for the light interest.
EAST: Prices are steady to higher as no NDM was offered to CCC from the East and Central regions this week. Last week's NASS average NDM price (the basis for most NDM sales) increased about $0.0020. Production levels are heavy. The Memorial Day weekend saw excessive volumes of milk throughout the East. All drying plants were operating around the clock this past weekend. At mid-week, some plants were not yet caught up with milk supplies. Indications are that milk production is declining rapidly in the Southeast and may ease the pressure on manufacturing plants. Milk production in the Northeast is near the peak, but there's still "room" to grow and schools are not yet on summer recess. Producer stocks are growing and are a concern to some contacts. Some recent large-volume sales did ease producer storage situations, but overall demand is just fair, unless prices are discounted. Pricewise, the market is very competitive. There are also several reports that "old," previously CCC-owned NDM is available at prices in the mid-70's. These offers are attracting little interest.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.8200 - .8825	MOSTLY:	.8300 - .8500
HIGH HEAT:	.8725 - .9200		

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices are mostly steady. Trading levels of the various pricing indexes have gradually moved lower to reflect shipments into the price support program. Subsequently, pricing levels of these indexes have moved towards the support price of 80 cents. Additional offerings to the support program continued this week. Powder plants were full over the holiday weekend and drying schedules remain high in plants across the region. Surplus milk continues to move towards butter/powder plants for processing. Usage of NDM in cheese production remains light. Exporting is slower than expected and the trade awaits news on potential orders. Overall, stocks are moderate to heavy. During the week of May 22 - 26, 8.7 million pounds of NDM were offered by Western producers to the CCC support program. This is the largest weekly offering from the West since May 2004. High heat NDM prices are slightly lower on the bottom end of the range. Demand is light to fair with most sales centered on contracts. There is not much seasonally to jump start demand. The market sense is that there are ample supplies for needs both now and in the near future.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.7950 - .8350	MOSTLY:	.8000 - .8150
HIGH HEAT:	.8275 - .8675		

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 26	$.8074	13,265,395	5,558,109
May 19	$.8108	11,299,114	3,508,305

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices continue unchanged on a steady to weak market. Some increased drying activity occurred over the holiday weekend as ice cream operations closed and reduced their intakes of condensed buttermilk. Interest in dry buttermilk continues to be lackluster. Supplies are mixed with some plants holding a few extra loads whereas others are generally in balance. Stocks of aged and low protein buttermilk are being offered at reduced prices for the light domestic interest.

F.O.B. CENTRAL: .6500 - .7900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone remains weak. Northeastern prices are nominal. Churning activity was heavy during the Memorial Day weekend, but dryer time was limited due to the volumes of skim to be dried. Producer stocks are still heavy, but reports of recent, block sales have helped reduce the glut of powder in the East. Demand for liquid buttermilk is improving as the recent warmer weather did prompt an increase in ice cream and soft serve mix production.

F.O.B. NORTHEAST:	.6700 - .6900
DELVD SOUTHEAST:	.7000 - .7300

DRY BUTTERMILK - WEST

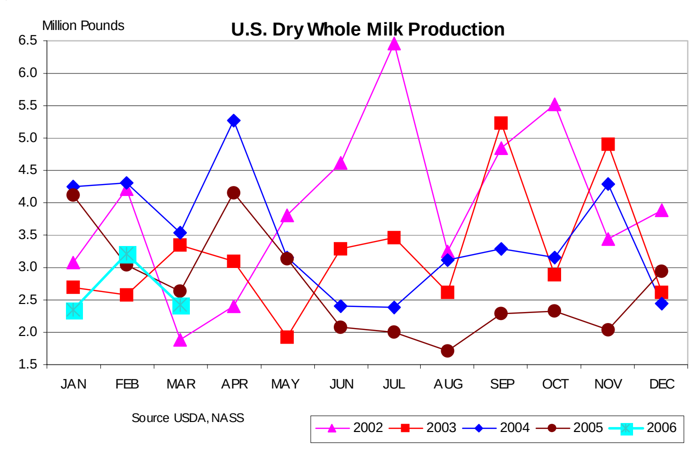
Western dry buttermilk prices are unchanged in light to moderate trading. There have been some blocks of buttermilk moved to export channels in recent weeks that will help move excess product. The market tone is moving more towards the steady side, but hints of weakness remain as long as production continues to be heavy and demand remains lighter. Butter production and buttermilk drying were active over the holiday weekend and the current trend continues to keep surplus milk on the butter/powder side for balancing. Current stock levels are higher than trade needs.

F.O.B. WEST: .6000 - .6600 MOSTLY: .6200 - .6500

DRY WHOLE MILK - NATIONAL

Prices are steady to lower within the range and remain nominal. The market tone is unchanged. Production is limited as there is little dryer time available. Most producers have too much skim to dry to take the time to make whole milk powder. Plant stocks are closely balanced. This week, there have been no reported exports of dry whole milk via the CWT program.

F.O.B. PRODUCING PLANT: 1.1475 - 1.2000



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are mixed but generally higher on a mostly steady market. Producer stocks are generally reported as in balance. Some suppliers are offering premium prices whereas others are comfortable in trading at the average, especially to brokers. Demand is mostly contractual. Spot demand is not aggressive domestically. Some export interest is noted but most movement is contractual. Supplies of feed grade whey are limited and prices reported are nominal. Condensed whey offering remain heavy for the light interest.

F.O.B. CENTRAL: .2725 - .2875 MOSTLY: .2725 - .2775
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2400 - .2600

DRY WHEY - NORTHEAST AND SOUTHEAST

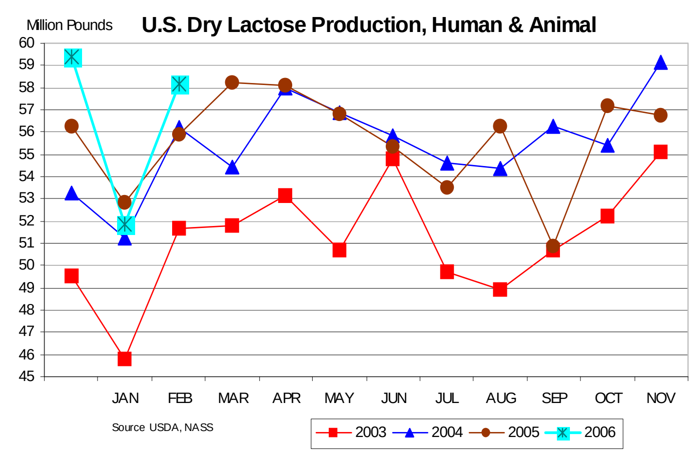
Prices and the market tone are unchanged. Production remains heavy. This past Memorial Day weekend saw most cheese makers operating around the clock in an effort to clear all the milk that was available. Spot market activity is light and supplies are more than ample to meet the slow to fair demand. Under current market conditions, spot buyers seem to be waiting for market signals before getting back into the market. Purchases are generally for immediate needs. Some producers are offering spot loads, but most shipments are contract sales. The resale market is highly competitive as buyers are looking for the best deals. There is still export interest and some product is moving off-shore.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2725 - .3000
DELVD SOUTHEAST: .2900 - .3200

DRY WHEY – WEST

Western whey prices vary from steady to continuing to decline slowly. Firms that are well contracted are not seeing any stock buildup and product is moving out well. Those that do not have many contracts in place are scrambling and utilizing aggressive pricing strategies to move product. Inventories are generally in better balance. Production was heavy over the holiday weekend. A number of plants are beginning to see milk peaking in their part of the region and the next hot spell should definitely push production lower.

NONHYGROSCOPIC: .2500 - .3250 MOSTLY: .2800 - .3000



WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a steady to weak market. US supplies are being offered into Canada at a discount to the market and Canadian supplies are being offered into the US at a discount to the market. Despite lower offering prices, some trades are also noted at a premium. Interest is best into export markets for edible use. Production is mostly steady. Offerings of condensed WPC are heavy for the light interest. Off grade WPC 80% is available as a competitive substitute to WPC 34% into some feed operations. Feed interest is fair at best and mostly contractual.

F.O.B. EXTRA GRADE 34% PROTEIN: .5550 - .6050 MOSTLY: .5700 - .5900

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Most trade is contractual with limited offerings on a spot basis. The reported market represents 30-100 mesh for spot sales and up to 3 month contracts. Unconfirmed trades of 30-100 mesh are noted above the range. Due to supply shortages during the current quarter, some firms anticipate reduced offerings for the third quarter. As a result, some plants are reluctant to commence negotiations until their supply status is more certain. Current offering prices for the third quarter are trending near the high side of the range. Dry whey permeate is increasingly being used as an alternative to lactose in baked goods and feed formulations, especially in export markets. Feed lactose is limited in supply and trading within the range for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2400 - .3300 MOSTLY: .2500 - .3000

CASEIN – NATIONAL

Casein markets and prices remain generally steady. The Oceania milk production season is basically finished, thus shipments from the region are coming from inventoried stock. In Europe, milk volumes appear to be trailing last year at this time, thus casein output is also lower. Casein volumes in Europe are also lower overall. Some producers made the decision early on that they would not produce any casein during the current season with other producers reducing their production volumes. Some European producers indicate that economics of casein production are not as they were in recent years, thus they have made the decision to direct milk volumes toward other manufactured dairy products. In the States, domestic demand remains seasonally active, although overall need for casein is edging lower. Under invitation #049, the Kansas City Commodity office announced one sale of 2,256,622 pounds of government owned nonfat dry milk at $0.3700 per pound for the production of industrial casein/casinate.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.1000
ACID: 3.0500 - 3.1500

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels are heavy as producers have growing volumes of milk available to them. Surplus milk volumes were excessive in all areas of the country this past weekend. The market remains highly competitive, but from a seasonal standpoint, demand is slow to fair. Producer stocks are being replenished, which is typical for this time of year.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $21.20 - 36.00
Excluding promotional and other sales allowances. Included new price announcements.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 29 – JUNE 2, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 05/26/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	198,000	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	198,000	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	5,373,435	4,188,204	1,185,231	48,821,629	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	5,373,435	4,188,204	1,185,231	48,821,629	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 29 - JUNE 2, 2006 =	0.3	13.8	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	12.6	570.2	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - JUNE 2, 2006 =	12.6	570.2	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 29 - JUNE 2, 2006 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	1,185,231	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	198,000	-0-	1,364,259	1,331,567	16.9	4.2
WEST	-0-	-0-	-0-	-0-	44,834,639	29,415,099	78.5	92.4
EAST	-0-	-0-	-0-	-0-	2,622,731	1,070,603	4.6	3.4
TOTAL	-0-	-0-	198,000	-0-	48,821,629	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - $9.90 per cwt.

BUTTER Bulk $1.0500 per pound; 1# Prints $1.0850
CHEESE 40 & 60# Blocks $1.1314 per pound; 500# Barrels $1.1014; Process American 5# $1.1889; Process Am. 2# $1.2289
NONFAT DRY MILK Nonfortified $.8000 per pound; Fortified $.8100; Instant $0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/13/06 & Comparable Week 2005

											U.S. TOTAL		% DAIRY OF ALL	
Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2006-Dairy	N.A.	0.6	5.0	2.4	13.4	2.4	0.4	N.A.	13.8	1.6	40.6	866.8	43.4	45.9
2005-Dairy	N.A.	0.6	6.0	2.5	12.0	3.2	0.7	N.A.	11.3	2.3	39.4	896.0	45.2	48.7
2006-All cows	N.A.	0.6	6.2	10.9	25.0	16.3	12.4	N.A.	16.6	2.4	93.5	1,890.4		
2005-All cows	N.A.	0.7	7.4	11.4	22.9	14.5	10.4	N.A.	12.7	4.7	87.1	1,839.9		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES,(3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22	10.97	10.75						
II	13.25	12.62	11.69	11.37	11.13							
III	13.39	12.20	11.11	10.93	10.83							
IV	12.20	11.10	10.68	10.36	10.33							

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm

MONTHLY SUMMARY AND AVERAGES FOR MAY 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 18 MAY 01 - 05	REPORT NUMBER 19 MAY 08 - 12	REPORT NUMBER 20 MAY 15 - 19	REPORT NUMBER 21 MAY 22 - 26	REPORT NUMBER 22 MAY 29 - 31	2006 Average or Total	2005 Average or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	1.4025 - 1.6100	1.4000 - 1.5750	1.4200 - 1.5950	1.4575 - 1.6325	1.4600 - 1.6375	1.5149	1.7982
-- Brick And/Or Muenster 5#	1.6400 - 1.7050	1.6200 - 1.7050	1.6200 - 1.7075	1.6200 - 1.7450	1.6200 - 1.7700	1.6726	2.0068
-- Cheddar 40# Block	1.4900 - 2.2650	1.4900 - 2.2650	1.4900 - 2.2650	1.4900 - 2.2650	1.4900 - 2.2650	1.8775	2.0366
-- Monterey Jack 10#	1.6400 - 2.2650	1.6200 - 2.2650	1.6200 - 2.2650	1.6200 - 2.2650	1.6200 - 2.2650	1.9448	2.1516
-- Blue 5#	2.0100 - 2.3200	2.0100 - 2.3000	2.0125 - 2.3000	2.0500 - 2.3000	2.0750 - 2.3000	2.1651	2.5093
-- Mozzarella 5 - 6#	1.3350 - 2.3650	1.3350 - 2.3650	1.3375 - 2.3650	1.3750 - 2.3650	1.4000 - 2.3650	1.8578	2.0483
-- Grade A Swiss Cuts 6 - 9#	2.3050 - 2.8300	2.3050 - 2.8300	2.3050 - 2.8300	2.3050 - 2.8300	2.1550 - 2.8300	2.5607	2.6150
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	1.2425 - 1.7625	1.2425 - 1.7625	1.2450 - 1.7650	1.2725 - 1.7925	1.2975 - 1.8175	1.5149	1.8040
-- Cheddar Single Daisies	1.2000 - 1.6850	1.2000 - 1.6850	1.2025 - 1.6875	1.2300 - 1.7150	1.2550 - 1.7400	1.4549	1.7415
-- Cheddar 40# Block	1.3000 - 1.5725	1.3000 - 1.5725	1.3025 - 1.5750	1.3300 - 1.6025	1.3550 - 1.6275	1.4486	1.7485
-- Process 5# Loaf	1.3425 - 1.5850	1.3400 - 1.5825	1.3600 - 1.6025	1.3950 - 1.6400	1.4000 - 1.6450	1.4847	1.7281
-- Process 5# Sliced	1.3625 - 1.5900	1.3600 - 1.5875	1.3800 - 1.6075	1.4150 - 1.7250	1.4200 - 1.7300	1.5099	1.7518
-- Muenster	1.3150 - 1.5175	1.3150 - 1.5175	1.3175 - 1.5200	1.3450 - 1.5475	1.3700 - 1.5700	1.4285	1.7917
-- Grade A Swiss Cuts 10 - 14#	2.4500 - 2.6500	2.4500 - 2.6500	2.4500 - 2.6500	2.4500 - 2.6500	2.4500 - 2.6500	2.5500	2.5500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	1.2850 - 1.5425	1.2850 - 1.5425	1.3025 - 1.5600	1.3375 - 1.5950	1.3425 - 1.6000	1.4349	1.6946
-- Cheddar 40# Block	1.2800 - 1.6325	1.2800 - 1.6325	1.2800 - 1.6325	1.3100 - 1.6625	1.3350 - 1.6875	1.4681	1.7713
-- Cheddar 10# Cuts	1.4600 - 1.6800	1.4600 - 1.6800	1.4600 - 1.6800	1.4900 - 1.7100	1.5150 - 1.7350	1.5818	1.8850
-- Monterey Jack 10#	1.4700 - 1.6300	1.4700 - 1.6300	1.4700 - 1.6300	1.5000 - 1.6600	1.5250 - 1.6850	1.5618	1.8650
-- Grade A Swiss Cuts 6 - 9#	2.3500 - 2.7000	2.3500 - 2.7000	2.3500 - 2.7000	2.3500 - 2.7000	2.3500 - 2.7000	2.5250	2.4750
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM ($ per lb. butterfat)							
-- Northeast - f.o.b	1.4375 - 1.5563	1.3759 - 1.4935	1.3988 - 1.5046	1.3983 - 1.5040	1.3859 - 1.5034	1.4573	1.7575
-- Atlanta - dlvd. equiv.	1.4256 - 1.5619	1.3877 - 1.5170	1.3988 - 1.5164	1.3983 - 1.5158	1.3977 - 1.5151	1.4644	1.7748
-- Upper Midwest - f.o.b	1.4494 - 1.5563	1.4112 - 1.5288	1.4341 - 1.5046	1.4100 - 1.4805	1.4329 - 1.4799	1.4705	1.7124
PRICES OF CONDENSED SKIM - NORTHEAST ($ per lb. wet solids) - f.o.b.							
-- Class II	0.8900 - 0.9800	0.8900 - 0.9800	0.8900 - 0.9800	0.8900 - 0.9800	0.8900 - 0.9800	0.9350	0.9848
-- Class III	0.8800 - 0.9500	0.8800 - 0.9400	0.8800 - 0.9400	0.8800 - 0.9400	0.8800 - 0.9400	0.9111	1.1445
NATIONAL EVAPORATED MILK ($ per Case) (Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	21.2000 -36.0000	21.2000 -36.0000	21.2000 -36.0000	21.2000 -36.0000	21.2000 -36.0000	28.6000	25.3452

MONTHLY SUMMARY AND AVERAGES FOR MAY 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 18 MAY 01 - 05	REPORT NUMBER 19 MAY 08 - 12	REPORT NUMBER 20 MAY 15 - 19	REPORT NUMBER 21 MAY 22 - 26	REPORT NUMBER 22 MAY 29 - 31	2006 Average or Total	2005 Average or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	0.8000 - 0.9025	0.8000 - 0.8950	0.8200 - 0.8875	0.8000 - 0.8800	0.8200 - 0.8825	0.8484	0.9758
-- Mostly	0.8300 - 0.8500	0.8200 - 0.8450	0.8200 - 0.8400	0.8200 - 0.8400	0.8300 - 0.8500	0.8338	0.9767
-- High Heat	0.8925 - 1.0200	0.8850 - 1.0200	0.8750 - 0.9200	0.8700 - 0.9200	0.8725 - 0.9200	0.9227	1.0358
-- West (f.o.b)							
-- Low/Medium Heat	0.7850 - 0.8550	0.7950 - 0.8475	0.7950 - 0.8400	0.7950 - 0.8350	0.7950 - 0.8350	0.8181	0.9438
-- Mostly	0.8050 - 0.8150	0.8050 - 0.8150	0.8000 - 0.8150	0.8000 - 0.8150	0.8000 - 0.8150	0.8086	0.9471
-- High Heat	0.8400 - 0.8875	0.8400 - 0.8800	0.8300 - 0.8725	0.8300 - 0.8675	0.8275 - 0.8675	0.8552	0.9650
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.2700 - 0.2900	0.2675 - 0.2875	0.2675 - 0.2875	0.2675 - 0.2925	0.2725 - 0.2875	0.2789	0.2611
-- Mostly	0.2700 - 0.2750	0.2700 - 0.2750	0.2700 - 0.2750	0.2700 - 0.2750	0.2725 - 0.2775	0.2727	0.2546
-- West (f.o.b.)	0.2700 - 0.3200	0.2700 - 0.3200	0.2750 - 0.3200	0.2575 - 0.3250	0.2500 - 0.3250	0.2940	0.2883
-- Mostly	0.3000 - 0.3100	0.2950 - 0.3100	0.2900 - 0.3100	0.2800 - 0.3100	0.2800 - 0.3000	0.2997	0.2877
-- Northeast (f.o.b.)	0.2775 - 0.3175	0.2750 - 0.3075	0.2725 - 0.3025	0.2725 - 0.3025	0.2725 - 0.3000	0.2905	0.2668
-- Southeast (Delvd)	0.2900 - 0.3075	0.2900 - 0.3200	0.2900 - 0.3200	0.2900 - 0.3200	0.2900 - 0.3200	0.3036	0.2859
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.5800 - 0.6350	0.5750 - 0.6350	0.5725 - 0.6300	0.5650 - 0.6150	0.5550 - 0.6050	0.5990	0.8800
-- Mostly	0.5950 - 0.6150	0.5900 - 0.6150	0.5900 - 0.6000	0.5750 - 0.5950	0.5700 - 0.5900	0.5953	0.8598
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.2400 - 0.2700	0.2400 - 0.2700	0.2400 - 0.2600	0.2400 - 0.2600	0.2400 - 0.2600	0.2523	0.2402
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	0.6800 - 0.7900	0.6700 - 0.7900	0.6500 - 0.7900	0.6500 - 0.7900	0.6500 - 0.7900	0.7257	1.0040
-- West (f.o.b.)	0.6200 - 0.6800	0.6300 - 0.6800	0.6300 - 0.6800	0.6000 - 0.6600	0.6000 - 0.6600	0.6459	0.9294
-- Mostly	0.6500 - 0.6700	0.6400 - 0.6500	0.6400 - 0.6500	0.6200 - 0.6500	0.6200 - 0.6500	0.6452	0.9092
-- Northeast (f.o.b.)	0.6800 - 0.7500	0.6700 - 0.7000	0.6700 - 0.7000	0.6700 - 0.7000	0.6700 - 0.6900	0.6914	0.9643
-- Southeast (Delvd)	0.7200 - 0.7700	0.7000 - 0.7400	0.7000 - 0.7400	0.7000 - 0.7400	0.7000 - 0.7300	0.7252	0.9857
WHOLE MILK POWDER							
-- National (f.o.b.)	1.1500 - 1.2400	1.1475 - 1.2000	1.1475 - 1.2000	1.1475 - 1.2000	1.1475 - 1.2000	1.1786	1.3353
LACTOSE							
-- Central And West (f.o.b.)	0.2400 - 0.3200	0.2400 - 0.3200	0.2400 - 0.3200	0.2400 - 0.3300	0.2400 - 0.3300	0.2816	0.1895
-- Mostly	0.2500 - 0.2750	0.2500 - 0.2850	0.2500 - 0.3000	0.2500 - 0.3000	0.2500 - 0.3000	0.2705	0.1809
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	3.0000 - 3.1000	3.0000 - 3.1000	3.0000 - 3.1000	3.0000 - 3.1000	3.0000 - 3.1000	3.0500	3.3600
-- Nonrestricted - Acid	3.0500 - 3.1500	3.0500 - 3.1500	3.0500 - 3.1500	3.0500 - 3.1500	3.0500 - 3.1500	3.1000	3.3350

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR MAY 2006

COMMODITY	REPORT NUMBER 18 MAY 1 - 5	REPORT NUMBER 19 MAY 8 - 12	REPORT NUMBER 20 MAY 15 - 19	REPORT NUMBER 21 MAY 22 - 26	REPORT NUMBER 22 MAY 30 - 31	2006 * Monthly Average	2005 * Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	1.1800	1.1750	1.1700	1.1725	#		
--Tuesday	1.1750	1.1750	1.1750	1.1725	1.1775		
--Wednesday	1.1750	1.1750	1.1750	1.1725	1.1775		
--Thursday	1.1750	1.1750	1.1775	1.1775			
--Friday	1.1750	1.1775	1.1775	1.1775		1.1755	1.4044
--Weekly Average**	1.1760	1.1755	1.1750	1.1745			
CHEESE*							
-- BARRELS							
--Monday	1.1325	1.1250	1.1800	1.1900	#		
--Tuesday	1.1325	1.1350	1.1800	1.1900	1.2000		
--Wednesday	1.1275	1.1400	1.1900	1.1900	1.2100		
--Thursday	1.1275	1.1675	1.1900	1.1900			
--Friday	1.1250	1.1800	1.1900	1.1900		1.1674	1.4224
--Weekly Average**	1.1290	1.1495	1.1860	1.1900			
-- 40# BLOCKS							
--Monday	1.1600	1.1600	1.1700	1.2000	#		
--Tuesday	1.1600	1.1600	1.1850	1.2000	1.2250		
--Wednesday	1.1600	1.1600	1.2000	1.2250	1.2100		
--Thursday	1.1600	1.1650	1.2000	1.2250			
--Friday	1.1600	1.1700	1.2000	1.2250		1.1855	1.4774
--Weekly Average**	1.1600	1.1630	1.1910	1.2150			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	0.8900	0.8900	0.8900	0.8900	#		
--Tuesday	0.8900	0.8900	0.8900	0.8900	0.8900		
--Wednesday	0.8900	0.8900	0.8900	0.8900	0.8900		
--Thursday	0.8900	0.8900	0.8900	0.8900			
--Friday	0.8900	0.8900	0.8900	0.8900		0.8900	0.9625
--Weekly Average**	0.8900	0.8900	0.8900	0.8900			
-- GRADE A							
--Monday	0.8875	0.8875	0.8875	0.8875	#		
--Tuesday	0.8875	0.8875	0.8875	0.8875	0.8875		
--Wednesday	0.8875	0.8875	0.8875	0.8875	0.8875		
--Thursday	0.8875	0.8875	0.8875	0.8875			
--Friday	0.8875	0.8875	0.8875	0.8875		0.8875	0.9825
--Weekly Average**	0.8875	0.8875	0.8875	0.8875			

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.
** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.
# Holiday, no trading

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/
FEB. 2006	194.0	2.8	183.4	0.9	187.7	2.2	181.3	-1.0	180.7	-6.8	185.4	0.8
MAR. 2006	194.0	2.6	183.0	0.9	184.5	0.3	182.9	0.3	175.4	-5.2	185.9	0.9
APR. 2006	193.7	1.8	181.3	-0.5	182.8	-0.7	180.4	-2.1	169.5	-9.2	185.5	0.4

U.S. City Average Retail Prices

Month	Whole Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	Dollars									
FEBRUARY	3.224	3.176	3.073	3.525	3.886	3.873	4.314	4.382	3.766	3.790
MARCH	3.161	3.226	3.080	3.456	3.836	3.843	4.365	4.354	3.782	3.654
APRIL	3.123	3.225	2.794	3.404	3.814	3.840	4.379	4.449	3.622	3.772

1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—JANUARY-MARCH 2005/06 AND YEAR-TO-DATE 2004-2005 1/

Item	Jan.-Mar. 2005	Percent change 2/	Jan.-Mar. 2006	Percent change 2/	Jan.-Dec. 2004	Percent change 2/	Jan.-Dec. 2005	Percent change 2/
	Million Pounds							
MILK								
Production	43,350	1.3	45,546	5.1	170,934	0.0	176,989	3.8
Marketings	43,078	1.3	45,278	5.1	169,815	0.0	175,884	3.9
Beginning Commercial Stocks 3/	7,154	-14.1	7,994	11.7	8,333	-15.8	7,154	-14.1
Imports 3/	1,336	11.8	1,126	-15.7	5,279	4.7	4,640	-12.1
Total Supply 4/	51,568	-0.9	54,398	5.5	183,427	-0.7	187,678	2.6
Ending Commercial Stocks 3/	9,509	-5.5	10,789	13.5	7,154	-14.1	7,991	11.7
Net Removals 3/	-28	128.3	0	100.0	-64	-105.5	-39	-39.1
Commercial Disappearance 4/	42,087	0.0	43,625	3.7	176,337	0.7	179,726	2.2
SELECTED PRODUCTS 5/								
Butter	286.8	-1.2	319.4	11.4	1,355.4	3.3	1,356.9	0.4
American Cheese	917.9	-1.0	960.7	4.7	3,805.7	3.7	3,788.7	-0.2
Other Cheese	1,409.0	3.6	1,402.0	-0.5	5,540.6	3.3	5,699.7	3.2
Nonfat Dry Milk	340.9	4.3	339.1	-0.5	1,315.0	43.4	1,258.8	-4.1
Fluid Milk Products 6/	13,663.3	-1.2	13,879.3	1.6	54,575.5	-1.0	54,543.1	0.2

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ From year earlier on a daily average basis. 3/ Milk-equivalent, milkfat basis. 4/ Totals may not add because of rounding. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

MAY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2006 was unchanged at 146. Compared with May 2005, the index was up 6 points (4.3 percent). The index of prices received by farmers for dairy products declined 1 point during the month of May 2006 to 92. Compared with May 2005, the index was down 21 points (18.2 percent).

Prices received by farmers in May with changes from April were: for All Milk, $12.00 per hundredweight (cwt.), down $.10; Fluid Grade Milk, $12.00 per cwt., down $.20; and for Manufacturing Grade Milk, $11.20 per cwt., down $.10.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MAY 2006 WITH COMPARISONS*

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		Alfalfa hay, baled 7/*	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	APRIL		MAY		MAY		MAY		MAY	
	2006 2/	2005 2/	2006 4/	2005 2/	2006	2005	2006 7/	2005 8/	2006	2005
CA	11.12	14.09	11.10	13.48			46.50	55.50	133.00	149.00
ID	11.10	14.80	11.00	13.50			45.40	58.40	110.00	101.00
MI	12.40	15.40	12.20	15.00	PRICES		50.00	56.00	100.00	95.00
MN	12.00	15.60	12.10	15.00	PUBLISHED		51.00	61.40	68.00	75.00
NM	11.10	14.30	11.50	13.50	JANUARY,		44.70	59.40	145.00	122.00
NY	12.50	15.70	12.20	15.40	APRIL,		---	---	145.00	145.00
PA	13.80	16.60	13.40	16.50	JULY AND		49.80	57.90	178.00	141.00
TX	12.10	15.10	12.10	14.50	OCTOBER		44.40	55.20	150.00	120.00
WA	11.90	14.80	11.70	14.40			---	---	115.00	100.00
WI	12.50	15.90	12.30	15.20			49.40	58.70	100.00	110.00
U.S.	12.10	15.20	12.00	14.70			48.00	58.30	118.00	116.00

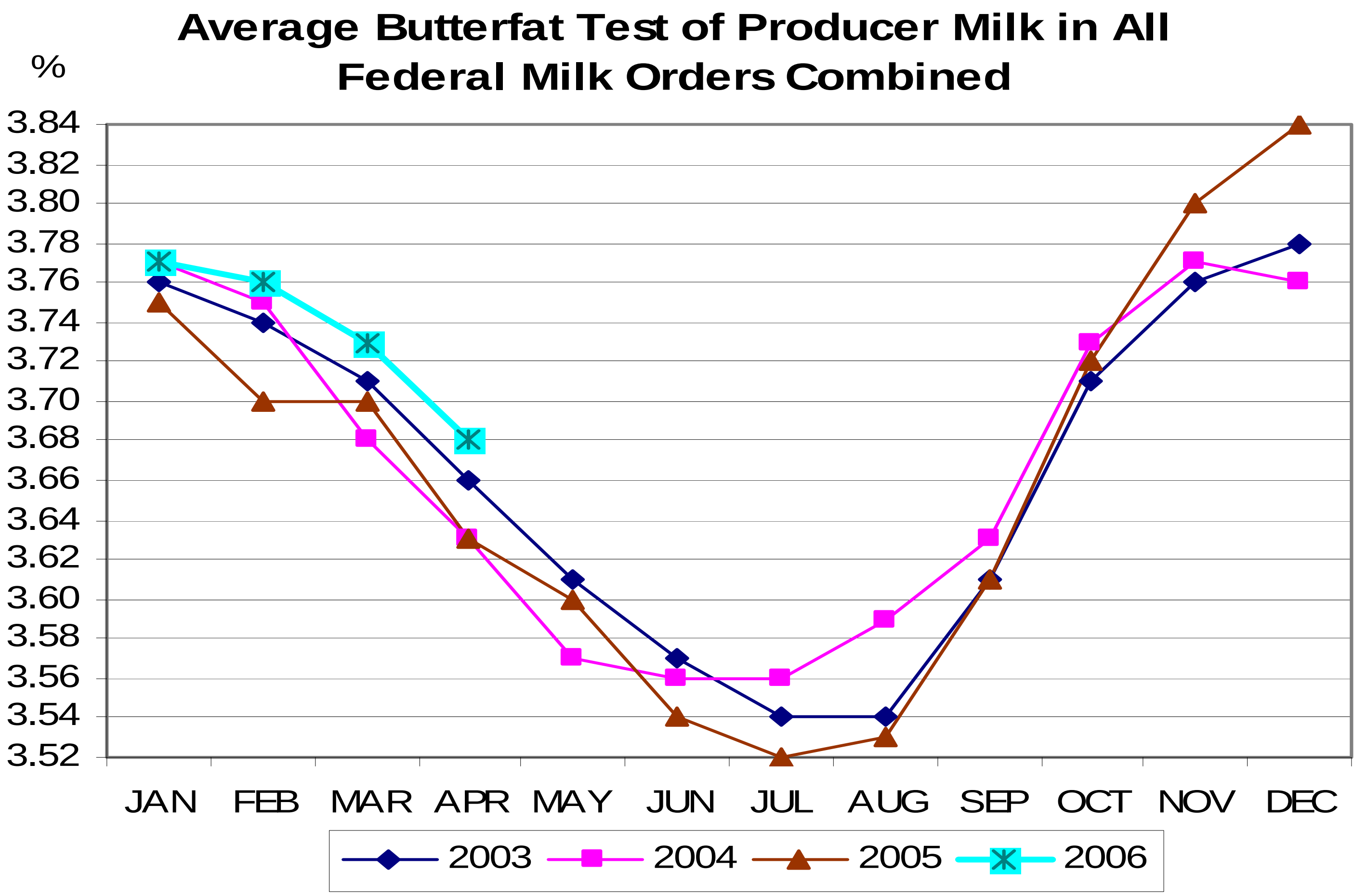
* Please note that, beginning with this report, the “All hay, baled” price measure has been replaced with the “Alfalfa hay, baled” price measure. 1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

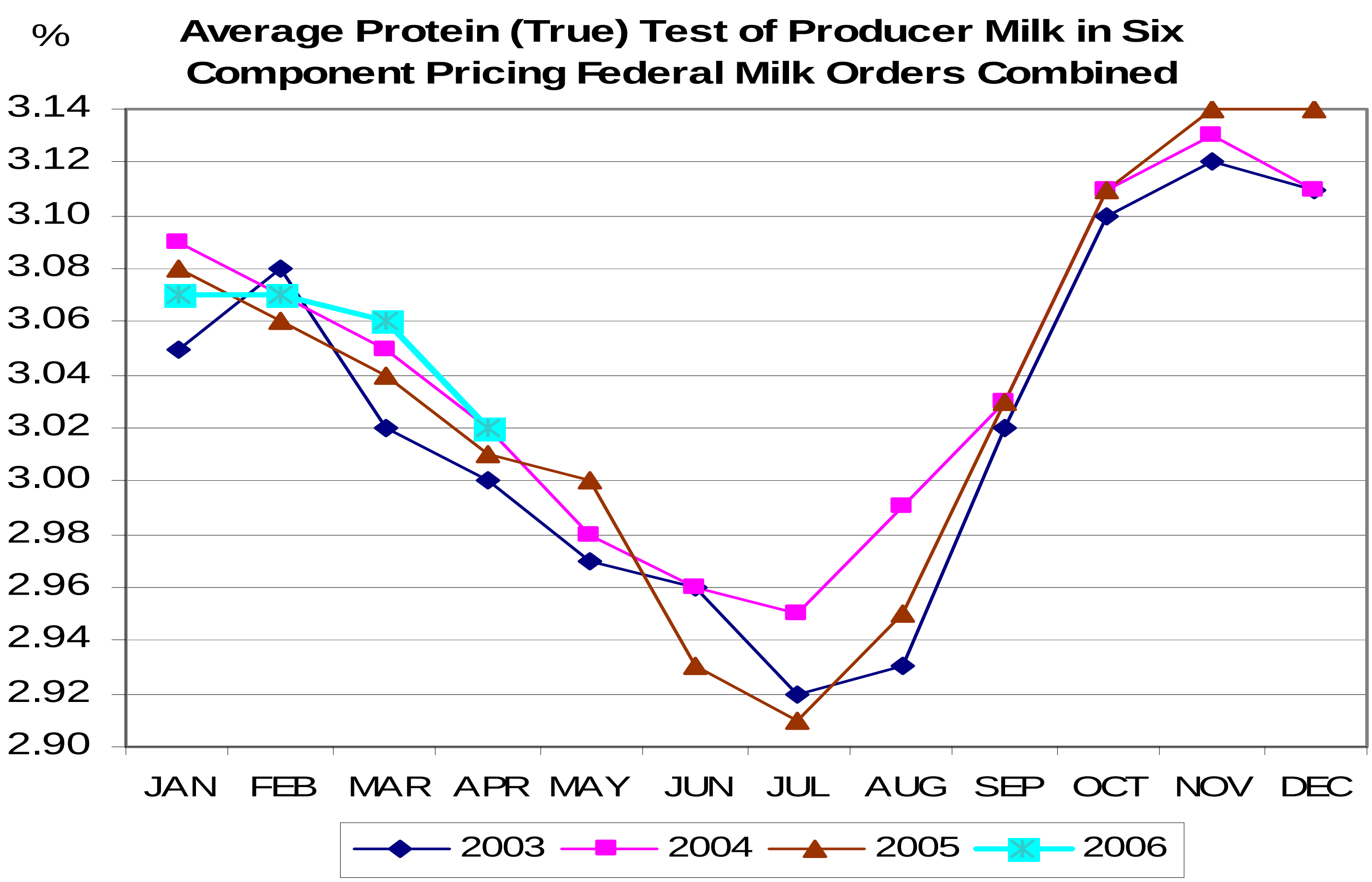
MILK AND OTHER GENERAL PRICE MEASURES, U.S., MAY 2006 WITH COMPARISON

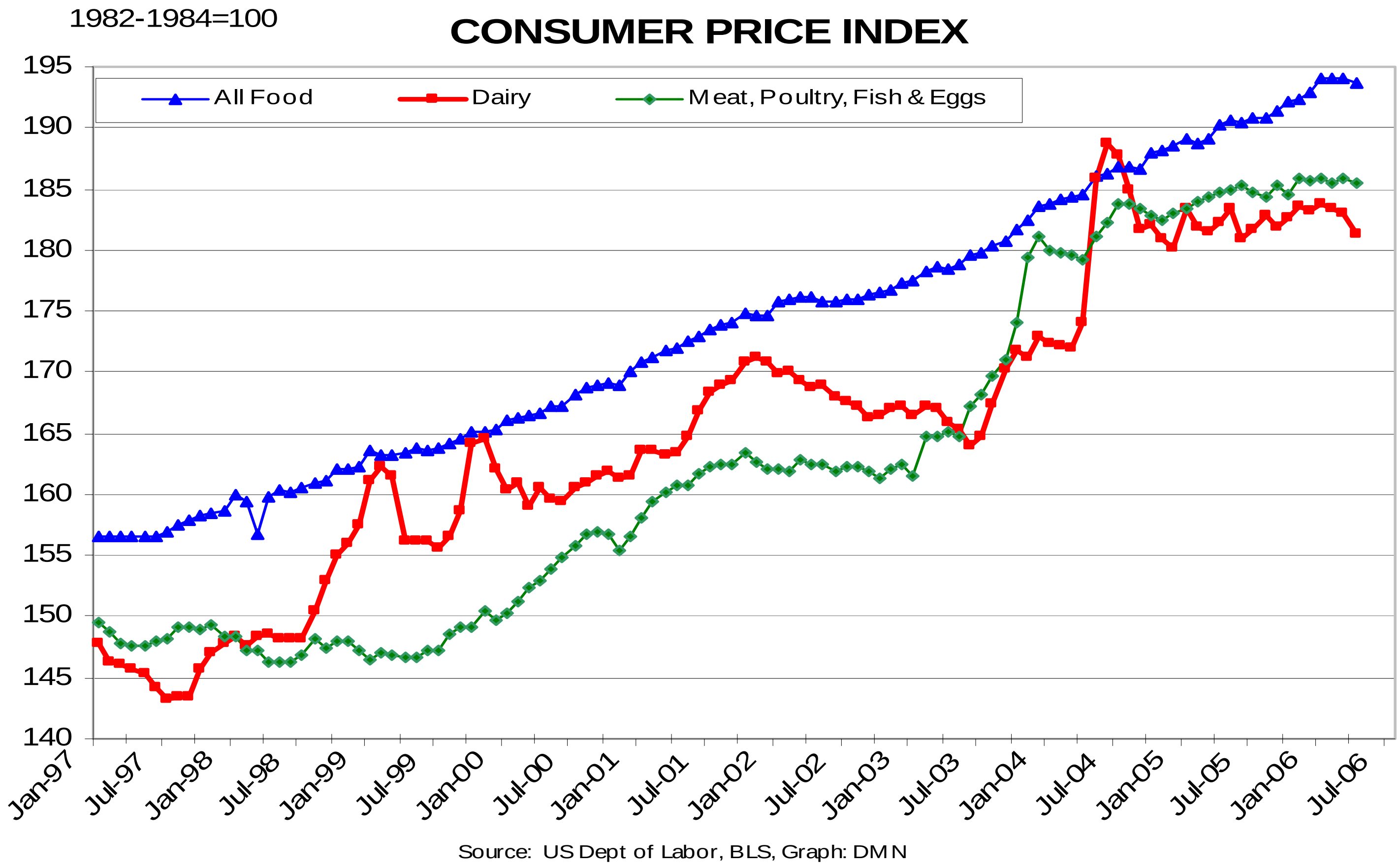
ITEM	MAY 2005	APRIL 2006 1/	MAY 2006 2/
PRICES RECEIVED BY FARMERS, dol. per cwt., at reported butterfat test:			
All milk	14.70	12.10	12.00
Fluid grade milk	14.70	12.20	12.00
Manufacturing grade milk	14.00	11.30	11.20
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	119	113	114
Prices received by farmers for dairy products	113	93	92
Prices paid by farmers for commodities and services, interest taxes, and wage rates	140	146	146
Prices paid by farmers for production items	138	146	146
Prices paid by farmers for feed	118	123	124
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	2.93	2.46	2.33

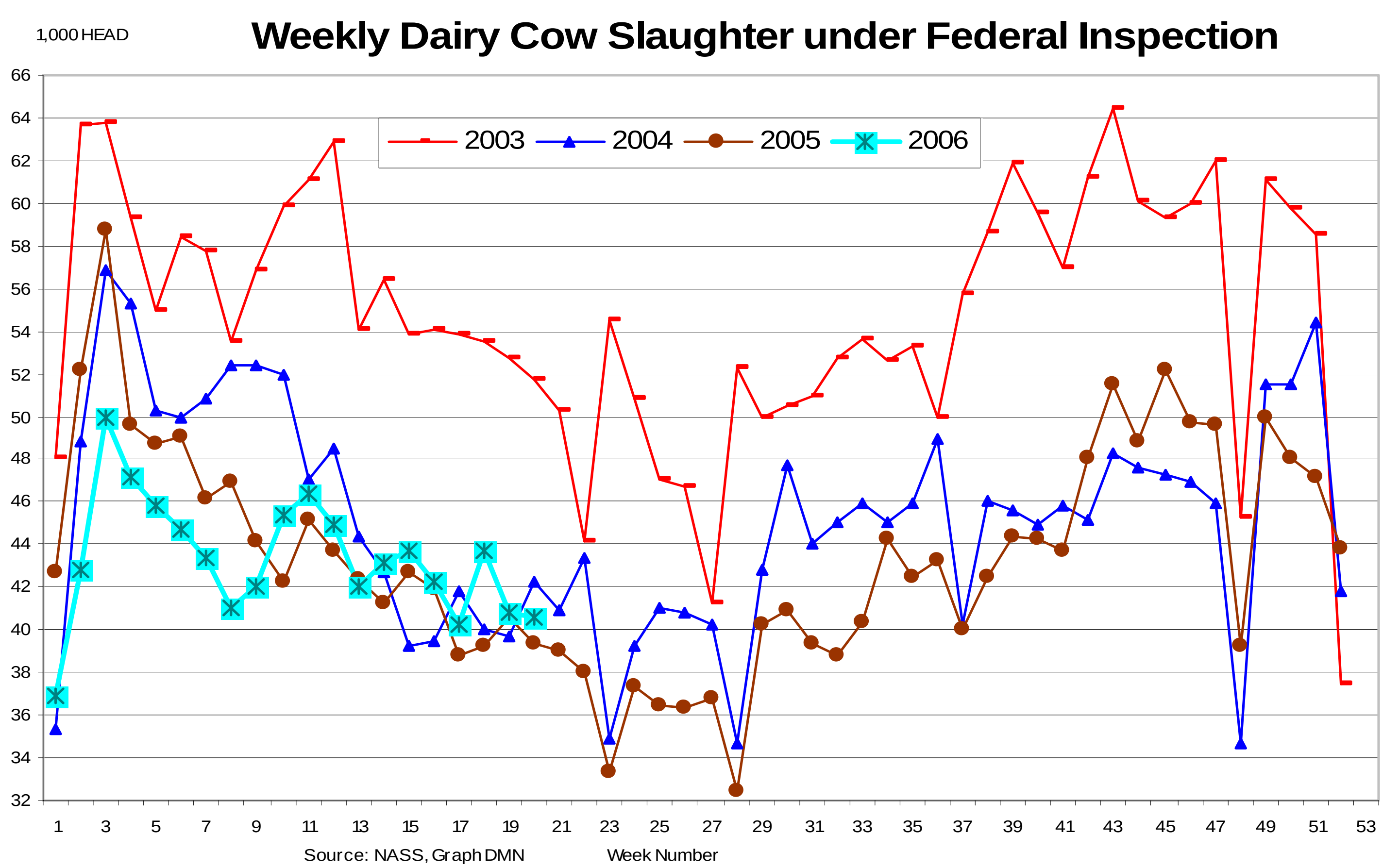
1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (5/06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.


Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined
%
3.84
3.82
3.80
3.78
3.76
3.74
3.72
3.70
3.68
3.66
3.64
3.62
3.60
3.58
3.56
3.54
3.52
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
2003
2004
2005
2006


Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined
%
3.14
3.12
3.10
3.08
3.06
3.04
3.02
3.00
2.98
2.96
2.94
2.92
2.90
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
2003
2004
2005
2006


1982-1984=100
CONSUMER PRICE INDEX
All Food
Dairy
Meat, Poultry, Fish & Eggs
Source: US Dept of Labor, BLS, Graph: DMN


1,000 HEAD
Weekly Dairy Cow Slaughter under Federal Inspection
2003
2004
2005
2006
Source: NASS, Graph DMN
Week Number

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